



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

TOPE-MCKAY & ASSOCIATES
30765 PACIFIC COAST HIGHWAY #420
MALIBU, CA 90265

MAILED

DEC 20 2011

OFFICE OF PETITIONS

In re Patent of Neil Stratton	:	
Patent No. 6,793,224	:	
Issue Date: September 21, 2004	:	Decision on Petition
Application No. 09/801,536	:	
Filing Date: March 8, 2001	:	
Attorney Docket No. CS1001	:	

This is a decision on the renewed petition under 37 C.F.R. § 1.378(b) filed July 28, 2011, which requests acceptance of the delayed payment of a maintenance fee for the above-identified patent.

The petition is **DENIED**. This decision is a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review.¹ The terms of 37 C.F.R. § 1.378(e) *do not apply* to this decision and no further consideration will be given to this matter.

Since this patent will not be reinstated, a refund of the \$490 maintenance fee and the \$700 surcharge will be scheduled. The \$400 fee for requesting reconsideration is not refundable.

Procedural Background

The patent issued September 21, 2004. The 3.5 year maintenance fee could have been paid from September 21, 2007, to March 21, 2008, or with a surcharge from March 22, 2008, to September 22, 2008.² The fee was not timely paid. Accordingly, the patent expired on September 22, 2008.

A petition under 37 C.F.R. § 1.378(b) was filed November 1, 2010.

The Office mailed a Request for Information on March 21, 2011.

A response to the Request for Information was filed May 13, 2011.

A decision dismissing the petition under 37 C.F.R. § 1.378(b) was mailed May 25, 2011.

¹ See MPEP 1002.02.

² September 21, 2008 was a Sunday. Therefore, the fee and surcharge could have been timely paid as late as September 22, 2008.

The instant request for reconsideration was filed July 28, 2011.

Applicable Statutes and Regulation

35 U.S.C. § 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. § 41(c)(1) states that, "The Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**" (emphasis added)

37 C.F.R. § 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . became aware of . . . the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent.

Opinion

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

A grantable petition under 37 C.F.R. § 1.378(b) must be accompanied by a showing to the satisfaction of the Director that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

In order for a party to show unavoidable delay, the party must show "reasonable care was taken to ensure that the maintenance fee would be promptly paid."³ The level of "reasonable care" required to be shown is the same as the level of "care or diligence ... generally used and observed by prudent and careful men in relation to their most important business."⁴ When determining if a period of delay has been shown to have been unavoidable, the Office will take "all the facts and circumstances into account" and will decide each petition "on a case-by-case basis."⁵

35 U.S.C. § 41(c) requires a party to show the delay in payment of a maintenance fee was unavoidable. Therefore, petitioner has the burden of proof. The decision will be based solely on

³ 37 C.F.R. § 1.378(b).

⁴ *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). See also *Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

⁵ *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to “show” that the delay was unavoidable.

Facts

Application No. 09/801,536 was filed March 8, 2001.

Neil Stratton is the sole inventor.

Eyerick Williamson was the Chief Executive Officer and Chief Financial Officer of Carver Skateboards, Inc. (“CSB”) at the time the application was filed.

On or about March 8, 2001, Stratton assigned his rights to the invention to CSB.

Williamson paid all fees and legal costs related to the patent. Stratton “only discussed patent-related issues with [Williamson] when there was a design issued involved.”⁶

During late 2002, the firm of Tope-McKay & Associates began assisting CSB with the prosecution of the application “on a piece-mail basis.”

The application issued as the instant patent on September 21, 2004.

The 3.5 year maintenance fee could have been paid from September 21, 2007, to March 21, 2008, or with a surcharge from March 22, 2008, to September 22, 2008.

The record indicates, but for a typographical error in the law firm’s docket system, the law firm would have notified CSB on February 29, 2008, that the 3.5 year maintenance fee was due.

On an unspecified date prior to June 1, 2008, Williamson learned the 3.5 year maintenance fee was due. In other words, CSB’s failure to receive notification from the law firm that the fee was due did *not* result in CSB being unaware of the need to pay the maintenance fee.

Prior to June 1, 2008, Williamson and Stratton decided to dissolve Carver and began to negotiate the division of CSB’s assets.

Stratton states,

It was during these negotiations that the shareholders began to notice the fraudulent activities of [Williamson]. We discovered that he had embezzled cash from Carver.... We also began to discover unpaid bills that had been accumulating and which [Williamson] failed to disclose, including a large payment due to Christie, Parker & Hale LLP.⁷

⁶ Page 1 of Stratton declaration filed July 28, 2011.

⁷ *Ibid.*

Williamson states,

Payment of the maintenance fee was not the only legal fee item I kept secret. In fact, as I was aware, there was a large outstanding legal fee due to Christie Parker Hale (CPH) that resulted from a default judgment against Carver. In addition to these items, there were also other non-legal debts that I did not divulge.⁸

During negotiations, Williamson told the inventor “the patent renewal (maintenance) fee currently due had already been paid.”⁹ Stratton states,

I trusted that the patent had been renewed as I had been told especially in light of [Williamson’s] position as the leader of our company and as a fiduciary.... At the time, I had no reason to suspect that the fee had not been paid.¹⁰

On June 1, 2008, Williamson and the inventor entered into a “Division of Assets” agreement. Petitioner asserts that, as a result of the agreement, the inventor became the owner of the patent.

The 3.5 year maintenance fee was not paid on or after September 22, 2008. As a result, the patent expired on September 22, 2008.

On October 19, 2010, the law firm discovered the expiration of the patent while preparing a letter to a competitor alleging infringement of the patent.

Analysis

The only assignment document recorded against the patent was recorded on May 17, 2010, and the document filed May 17, 2010, asserts Stratton is the owner of the patent. In other words, USPTO records fails to indicate the patent was assigned to any party prior to May 17, 2010, and Stratton is presumed to be the owner of the patent, and to have had ownership and control of the patent, at all relevant times. Since Stratton owned the patent, the Office must determine if the record establishes Stratton’s delay in payment of the 3.5 year maintenance fee was unavoidable. See *Burandt v. Dudas*, 528 F.3d 1329, 1334 (Fed. Cir. 2008).

Petitioner argues the record is sufficient to demonstrate unavoidable delay in view of *Futures Technology, Ltd. v. Quigg*, 684 F. Supp. 430, 431 (E.D. Va. 1988). However, *Futures* “concerned [reviving an] abandoned patent application[] pursuant to 37 C.F.R. § 1.137, rather than reinstatement of [an] expired patent[] due to nonpayment of maintenance fees pursuant to 37 C.F.R. § 1.378.” *Burandt*, 528 F.3d at 1334. Since the instant case involves the expiration of a patent, the Office is not persuaded the holding in *Futures* requires reinstatement of the patent.

The law firm of Tope McKay was engaged for the purposes of tracking the maintenance fee. A reminder letter was prepared by the firm. The reminder letter was e-mailed to an incorrect address. As a result, the reminder letter was not received by CSB, Williamson, or the inventor.

⁸ Page 2 of Williamson declaration filed July 28, 2011.

⁹ Page 1 of Stratton declaration filed July 28, 2011.

¹⁰ *Id.* at 1-2.

However, despite non-receipt of the reminder letter, petitioner knew that the maintenance fee was due and relied upon Eyerick Williamson, the CEO of CSB, to pay the fee.

As of June 1, 2008, Stratton had strong reasons to doubt Williamson's credibility. Specifically, Stratton was aware Williamson had been embezzling money and concealing debts owed by Carver.

Despite the existence of these strong reasons to conclude Williamson was untrustworthy, Stratton trusted and relied on Williamson's assertion the maintenance fee had been paid. Stratton states, "I trusted that the patent had been renewed as I had been told especially in light of [Williamson's] position as the leader of our company and as a fiduciary."¹¹

Stratton could have taken steps to determine if Williamson's assertion the maintenance fee had been paid was true. For example, Stratton could have contacted the USPTO to determine if the fee had been paid. The record fails to demonstrate Stratton took any independent steps to determine if Williamson's assertion the maintenance fee had been paid was true.

In view of the prior discussion, the record is insufficient to establish Stratton exercised the level of care generally used by reasonable and prudent individuals when handling their most important business. In other words, the record is insufficient to establish Stratton's delay in payment of the fee was unavoidable.

Decision

The prior decision which refused to accept under 37 C.F.R. § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 C.F.R. § 1.378(b). Therefore, the petition is **denied**.

As stated in 37 C.F.R. § 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Anthony Knight
Director
Office of Petitions

¹¹ *Id.* at 1.